

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Department of Elections and Registration  
State of Louisiana  
Baton Rouge, Louisiana

April 9, 2003



***Financial and Compliance Audit Division***

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**Albert J. Robinson, Jr., CPA**

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**DEPARTMENT OF ELECTIONS AND REGISTRATION**  
**STATE OF LOUISIANA**  
Baton Rouge, Louisiana

Special Purpose Financial Statements  
and Independent Auditor's Reports  
As of and for the Year Ended June 30, 2002  
With Supplemental Information Schedules

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

April 9, 2003

**DEPARTMENT OF ELECTIONS AND REGISTRATION  
STATE OF LOUISIANA**

Special Purpose Financial Statements  
and Independent Auditor's Reports  
As of and for the Year Ended June 30, 2002  
With Supplemental Information Schedules

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March 27, 2003

Independent Auditor's Report  
on the Financial Statements

**HONORABLE SUZANNE HAIK TERRELL**  
**COMMISSIONER OF ELECTIONS**  
**DEPARTMENT OF ELECTIONS**  
**AND REGISTRATION**  
**STATE OF LOUISIANA**  
Baton Rouge, Louisiana

We have audited the accompanying special purpose (legal basis) financial statements of the Department of Elections and Registration, a department within Louisiana state government, as of and for the year ended June 30, 2002, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the Department of Elections and Registration. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1-C to the financial statements, the accompanying special purpose financial statements present only the funds of the Department of Elections and Registration. As such, they present the appropriated and non-appropriated activity of the department that are part of the accounts and fund structure of the State of Louisiana. The appropriated fund reflects appropriated activity of the department that is part of the General Fund (and other funds) of the State of Louisiana. The non-appropriated funds are individual funds of the State of Louisiana not subject to budgetary control. Furthermore, the special purpose financial statements have been prepared on a legal basis of accounting, the purpose of which is to reflect compliance with the annual appropriation act for the appropriated fund and the financial position of the non-appropriated funds. These procedures differ from accounting principles generally accepted in the United States of America as described in the notes to the financial statements. Accordingly, the accompanying special purpose financial statements are not intended to and do not present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

LEGISLATIVE AUDITOR

HONORABLE SUZANNE HAIK TERRELL  
COMMISSIONER OF ELECTIONS  
DEPARTMENT OF ELECTIONS  
AND REGISTRATION  
STATE OF LOUISIANA

Audit Report, June 30, 2002

In our opinion, the accompanying special purpose financial statements present fairly, in all material respects, the balances within the appropriated and non-appropriated funds of the Department of Elections and Registration at June 30, 2002, and the transactions of such funds for the year then ended, on the basis of accounting described in note 1-D.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2003, on our consideration of the Department of Elections and Registration's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the accompanying special purpose financial statements of the Department of Elections and Registration taken as a whole. The accompanying supplemental information schedules are presented for the purpose of additional analysis and have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are stated fairly in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Department of Elections and Registration and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Grover C. Austin". The signature is fluid and cursive, with a large initial "G" and "A".

Grover C. Austin, CPA  
First Assistant Legislative Auditor

BC:WDD:RCL:ss

[ELECTION02]

**DEPARTMENT OF ELECTIONS AND REGISTRATION  
STATE OF LOUISIANA  
ALL APPROPRIATED AND NON-APPROPRIATED FUNDS**

**Balance Sheet (Legal Basis), June 30, 2002**

	APPROPRIATED FUND - GENERAL APPROPRIATION	NON-APPROPRIATED FUNDS INCOME NOT AVAILABLE	AGENCY FUND	TOTAL (MEMORANDUM ONLY)
<b>ASSETS</b>				
Cash (note 1-E)	\$2,187,230	\$134	\$5,988	\$2,193,352
Receivables (note 2)	946,187	24,692		970,879
Due from other agencies (note 3)	46,263			46,263
Inventory of materials and supplies (note 1-F)	1,449,353			1,449,353
<b>TOTAL ASSETS</b>	<b>\$4,629,033</b>	<b>\$24,826</b>	<b>\$5,988</b>	<b>\$4,659,847</b>
<b>LIABILITIES AND FUND EQUITY</b>				
Liabilities:				
Accounts payable	\$109,391		\$4,577	\$113,968
Payroll payable	256,014			256,014
Advance from state treasury (note 9)	207,700			207,700
Due to state General Fund	762,309			762,309
Due to other funds (note 10)	2,012,593			2,012,593
Income not available due to state treasury		\$24,826		24,826
Other Liabilities	54,315		1,411	55,726
Total liabilities	3,402,322	24,826	5,988	3,433,136
Fund Equity - fund balances (deficit):				
Reserved for inventory of materials and supplies (note 1-F)	1,449,353			1,449,353
Unreserved - undesignated (note 11)	(222,642)			(222,642)
Total Fund Equity	1,226,711	NONE	NONE	1,226,711
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$4,629,033</b>	<b>\$24,826</b>	<b>\$5,988</b>	<b>\$4,659,847</b>

The accompanying notes are an integral part of this statement.

**DEPARTMENT OF ELECTIONS AND REGISTRATION  
STATE OF LOUISIANA  
GENERAL APPROPRIATION FUND**

**Statement of Revenues, Expenditures, and  
Changes in Fund Balance (Legal Basis)  
For the Year Ended June 30, 2002**

**REVENUES**

Appropriated by legislature:

State General Fund	\$20,654,691
State General Fund by fees and self-generated revenues	4,418,871
Interagency transfers	46,263
Total revenues	<u>25,119,825</u>

**EXPENDITURES**

Appropriated expenditures:

Executive	1,432,427
Voter Registration	5,322,991
Elections	12,965,841
Management and Finance	931,732
Information Technology Program	2,472,743
Total expenditures	<u>23,125,734</u>

**EXCESS OF REVENUES OVER EXPENDITURES** 1,994,091

**OTHER APPROPRIATED FINANCING USES**

Transfers out (note 10) (2,012,593)

**EXCESS OF EXPENDITURES AND OTHER USES  
OVER REVENUES** (18,502)

**FUND BALANCE AT BEGINNING OF YEAR** 1,204,238

**INCREASE IN RESERVE FOR INVENTORY** 48,393

**ADJUSTMENT (note 12)** (7,418)

**FUND BALANCE AT END OF YEAR** \$1,226,711

The accompanying notes are an integral part of this statement.



DEPARTMENT OF ELECTIONS AND REGISTRATION  
STATE OF LOUISIANA  
GENERAL APPROPRIATION FUND

Statement of Revenues, Expenditures, and  
Unexpended Appropriation - Budget  
Comparison of Current-Year Appropriation -  
Budget (Legal Basis) and Actual  
For the Year Ended June 30, 2002

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Appropriated by legislature:			
State General Fund	\$23,614,390	\$20,654,691	(\$2,959,699)
State General Fund by fees and self-generated revenues	2,534,000	2,406,278	(127,722)
State General Fund by interagency transfers	50,000	46,263	(3,737)
Total appropriated revenues	<u>26,198,390</u>	<u>23,107,232</u>	<u>(3,091,158)</u>
<b>EXPENDITURES</b>			
Appropriated for:			
Executive	1,566,407	1,431,868	134,539
Voter Registration	5,404,367	5,311,692	92,675
Elections	15,202,903	12,950,932	2,251,971
Management and Finance	990,462	932,788	57,674
Information Technology Program	3,034,251	2,472,534	561,717
Total appropriated expenditures	<u>26,198,390</u>	<u>23,099,814</u>	<u>3,098,576</u>
<b>UNEXPENDED APPROPRIATION - CURRENT YEAR</b>	<u>NONE</u>	<u>\$7,418</u>	<u>\$7,418</u>

The accompanying notes are an integral part of this statement.

**DEPARTMENT OF ELECTIONS AND REGISTRATION  
STATE OF LOUISIANA**

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2002

**INTRODUCTION**

The Department of Elections and Registration is a department within the State of Louisiana reporting entity. The department was created in accordance with Title 18, Chapter 2 of the Louisiana Revised Statutes of 1950, as a part of the executive branch of government. The department is responsible for providing and maintaining voting machines and computer absentee counting equipment for all called public elections. The department also prescribes uniform policies and procedures for voter registration within the State of Louisiana and serves as a storehouse for statistical election information. During fiscal year 2002, the department had 108 regular employees; 65 warehouses; 3,720 precincts; and 2,455 polling places throughout the state. The department administered the following number of elections during fiscal year 2002: 25 parish/municipal primaries, 15 parish/municipal general, 24 special vacancies, and 84 local propositions.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The Governmental Accounting Standards Board (GASB) promulgates accounting principles generally accepted in the United States of America and reporting standards for state and local governments. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. However, the accompanying special purpose financial statements have been prepared on a legal basis prescribed by the Division of Administration, Office of Statewide Reporting and Accounting Policy, which differs from accounting principles generally accepted in the United States of America as described in the following notes.

**B. REPORTING ENTITY**

The State of Louisiana has been determined to be the reporting entity under accounting principles generally accepted in the United States of America. The accompanying financial statements present activity of a department of state government and, therefore, are a part of the funds of the State of Louisiana and its basic financial statements. Annually, the State of Louisiana issues basic financial statements that are audited by the Louisiana Legislative Auditor.

**C. FUND ACCOUNTING**

The Department of Elections and Registration uses fund accounting, along appropriation lines, to reflect its compliance with provisions of the annual appropriation act and to reflect the financial position of its non-appropriated funds. This differs from the fund accounting of accounting principles generally accepted in the United States of America where the intent is to measure the financial position and results of operations of the

**DEPARTMENT OF ELECTIONS AND REGISTRATION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

governmental reporting entity as a whole. Therefore, the funds within the accompanying financial statements have been divided between appropriated and non-appropriated funds and not by the conventional fund types of accounting principles generally accepted in the United States of America.

The funds do not include any noncurrent assets or liabilities. Noncurrent assets, capital assets, and long-term liabilities are reflected in the State of Louisiana's basic financial statements.

The funds presented in the special purpose financial statements are described as follows:

**APPROPRIATED FUND - GENERAL  
APPROPRIATION FUND**

The General Appropriation Fund is the general operating fund of the Department of Elections and Registration. It administers and accounts for the legislative appropriation provided to fund the general administrative expenditures of the department and those expenditures not funded through other specific legislative appropriations or revenues.

**NON-APPROPRIATED FUNDS**

**Income Not Available**

The department collects funds specifically identified by the Division of Administration, Office of Planning and Budget, as income not available that are remitted to the state treasury. These amounts are not available to the department for expenditure and, therefore, are not included on Statement B, but are detailed on Schedule 1.

**Agency Fund**

The agency fund is used to account for assets held on behalf of outside parties, including other governments. The agency fund accounts primarily for the Commissioner of Elections' social security withholdings and retiree health and life insurance premiums.

The non-appropriated funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**DEPARTMENT OF ELECTIONS AND REGISTRATION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**D. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The funds in the accompanying financial statements measure the resources provided by the legislature to fund current-year expenditures and the use of those resources by the department.

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements, regardless of the measurement focus applied. The accompanying financial statements reflect revenues and expenditures in accordance with applicable statutory provisions and regulations of the Division of Administration, Office of Statewide Reporting and Accounting Policy.

Under the foregoing legal provisions, the department uses the following practices in recognizing revenues and expenditures:

**Revenues**

State General Fund appropriations are recognized in the amounts appropriated, to the extent withdrawn from the state treasury. Fees and self-generated revenues and income not available are recognized in the amounts earned, to the extent that they will be collected within 45 days of the close of the fiscal year.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that obligations of employees' vested annual and sick leave are recognized as expenditures when paid. Furthermore, expenditures of a long-term nature for which funds have not been appropriated during the current year are not recognized in the accompanying financial statements.

**Other Appropriated Financing Uses**

Transfers are recognized in the year the department is authorized to receive or make the transfer in accordance with provisions of the Division of Administration, Office of Statewide Reporting and Accounting Policy.

**DEPARTMENT OF ELECTIONS AND REGISTRATION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**E. CASH**

Cash is composed of the following (book balances):

Under control of the department:	
Cash in demand accounts	\$349,062
Petty cash (on hand)	100
Cash on deposit with the state treasury	<u>1,844,190</u>
Total	<u><u>\$2,193,352</u></u>

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. The department has deposit balances (collected bank balances) of \$375,130 at June 30, 2002, for which the department has control. These deposits are fully secured from risk by \$100,000 of federal deposit insurance (GASB Risk Category 1) and \$275,130 of pledged securities jointly held in the Federal Reserve Bank in the name of the agency and the pledging fiscal agent bank (GASB Risk Category 1).

Cash balances held and controlled by the state treasurer are secured from risk by the state treasurer through separate custodial agreements, and the risk disclosures required by accounting principles generally accepted in the United States of America are included within the state's basic financial statements. The following is a summary of cash in the State Treasury:

Means of finance	\$914,197
ISIS Operating	<u>929,993</u>
Total	<u><u>\$1,844,190</u></u>

**F. INVENTORIES OF MATERIALS AND SUPPLIES**

Inventories, consisting of voting machine parts, computer supplies, and office supplies, are valued at cost and are recorded as expenditures at the time individual inventory items are purchased. The department uses both perpetual and periodic inventory systems. The perpetual inventory is valued by the weighted-average method. The periodic inventory is valued on the first-in, first-out (FIFO) basis, using the most recent cost of the inventory items, which approximates market. Reported inventories are equally offset by fund balance reserves that indicate they do not constitute available spendable resources even though they are components of net current assets.

**DEPARTMENT OF ELECTIONS AND REGISTRATION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**G. LONG-TERM OBLIGATIONS**

The department is by statute not allowed to incur bonded indebtedness and, therefore, no recognition within the accompanying financial statements is necessary. Furthermore, any long-term obligations of the department arising from lease commitments, installment purchases, judgments, compensated absences, or from any other source are not recognized in the accompanying special purpose financial statements.

**H. BUDGET PRACTICES**

The appropriation made for the general operations of the department is an annual lapsing appropriation valid for one year and is recorded in the General Appropriation Fund. Revenues and expenditures for budget purposes are recognized on the same basis of accounting as described in note 1-D, except that returns of appropriation are recognized as revenue adjustments on Statement C and the accrual of payroll and related benefits at fiscal year-end are not recognized as expenditures on Statement C.

The revenues and expenditures of the department, as shown on Statement B, are reconciled with the respective amounts shown on Statement C as follows:

Statement B revenues	\$25,119,825
Transfers out (return of appropriation)	<u>(2,012,593)</u>
Statement C revenues	<u>\$23,107,232</u>
Statement B expenditures	\$23,125,734
Prior-year payroll accrual	196,722
Current-year payroll accrual	<u>(222,642)</u>
Statement C expenditures	<u>\$23,099,814</u>

The department is prohibited by statute from over expending the program levels established in the General Appropriations Act. Budget revisions are granted by the Joint Legislative Committee on the Budget. Interim emergency appropriations may be granted by the Interim Emergency Board. The budget information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

**DEPARTMENT OF ELECTIONS AND REGISTRATION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

	Programs					Total
	Executive	Voter Registration	Elections	Management and Finance	Information Technology Program	
Original approved budget (Act 12 of 2001)	\$1,516,407	\$5,418,722	\$15,217,480	\$990,462	\$3,057,607	\$26,200,678
Budget adjustments:						
Interagency Budget	50,000					50,000
Budget Reduction		(14,355)	(14,577)		(23,356)	(52,288)
Final Budget	<u>\$1,566,407</u>	<u>\$5,404,367</u>	<u>\$15,202,903</u>	<u>\$990,462</u>	<u>\$3,034,251</u>	<u>\$26,198,390</u>

The non-appropriated funds are not subject to budgetary control.

**I. LEAVE BENEFITS**

Employees earn and accumulate annual and sick leave at various rates depending on their years of service, without limitation on the balance that can be accumulated. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination but are not compensated for unused sick leave. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. The liability for unused annual leave payable at June 30, 2002, computed in accordance with the *Codification of Governmental Accounting and Financial Reporting Standards* Section C60.104, is estimated to be \$1,074,433 for the General Appropriation Fund. The leave payable is not accrued (reflected) in the accompanying special purpose financial statements.

Certain employees of the department are eligible to earn compensatory time, as defined by the Department of State Civil Service and the Fair Labor Standards Act. These employees can earn and accumulate one hour or one and one-half hours for each hour of overtime worked, depending on their position and rate of pay. Generally, the employees are allowed to carry up to 360 hours of accrued compensatory leave from one calendar year to another. The liability for accrued compensatory leave at June 30, 2002, computed in accordance with the *Codification of Governmental Accounting and Financial Reporting Standards* Section C60.104, is estimated to be \$5,484 for the General Appropriation Fund. Accumulated compensatory leave is not accrued (reflected) in the accompanying special purpose financial statements.

**J. TOTAL COLUMN ON BALANCE SHEET**

The total column on the balance sheet is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations. Neither is such data comparable to a consolidation.

**DEPARTMENT OF ELECTIONS AND REGISTRATION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**2. ACCOUNTS RECEIVABLE**

The following schedule presents the adjustments necessary to convert modified accrual basis accounts receivable, as shown in Statement A and the schedules, to full accrual basis accounts receivable as required by the Office of Statewide Reporting and Accounting Policy.

<u>Source</u>	<u>Accounts Receivable - Modified Accrual Basis</u>	<u>Full Accrual Adjustment</u>	<u>Allowance for Doubtful Accounts</u>	<u>Accounts Receivable, Net - Full Accrual Basis</u>
Appropriated revenues - fees and self-generated revenues	\$946,187	\$709,541	(\$229,473)	\$1,426,255
Non-appropriated revenues - income not available	24,692			24,692
Total	<u>\$970,879</u>	<u>\$709,541</u>	<u>(\$229,473)</u>	<u>\$1,450,947</u>

**3. DUE FROM OTHERS**

As shown on Statement A, the department has \$46,263 in due from others at June 30, 2002. This amount consists of state appropriations the department warranted from the State Treasurer's Office during the 45-day close period.

**4. PENSION PLANS**

Substantially all employees of the department are members of two statewide, public retirement systems. Parish registrars and their employees are generally members of the Louisiana Registrar of Voters Retirement System (RVRS) and classified/unclassified state employees are members of the Louisiana State Employees Retirement System (LASERS), which are cost-sharing, multiple-employer defined benefit pension plans. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Required disclosures for LASERS for fiscal year 2002 are included in the Louisiana Comprehensive Annual Financial Report prepared by the Louisiana Division of Administration, Post Office Box 94095, Baton Rouge, Louisiana 70804-9095.

Contributions to the RVRS are funded through employee contributions and an employer contribution. However, the Public Retirement System's Actuarial Committee decided that no employer contribution was required for the RVRS for the year ended June 30, 2002. The employee contribution rate of 7% is established by state statute. The department's employer contribution, if required, would be funded by the State of Louisiana through the annual appropriation to the department.



**DEPARTMENT OF ELECTIONS AND REGISTRATION  
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

**5. POSTRETIREMENT HEALTH CARE  
AND LIFE INSURANCE BENEFITS**

The department provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the department's employees become eligible for these benefits if they reach normal retirement age while working for the department. These benefits for retirees and similar benefits for active employees are provided through the state's Group Benefits self-insurance program or one of the HMOs authorized by the program. Monthly premiums are paid jointly by the employee and the department. The department's costs of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 2002, the cost of retiree benefits totaled \$485,109 for 158 retirees. The cost of retirees' benefits is net of the participants' contributions.

**6. JUDGMENTS, CLAIMS, AND  
SIMILAR CONTINGENCIES**

Obligations and losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund or by General Fund appropriation and are not reflected in the accompanying special purpose financial statements. The self-insurance fund is operated by the Office of Risk Management, the state agency responsible for the state's self-insurance program.

**7. LEASE OBLIGATIONS**

The department has noncancelable operating leases. The future annual operating lease payments are presented as follows:

	<u>Office Space</u>	<u>Warehouse</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2003	\$202,970	\$180,613	\$383,583
2004	202,970	66,344	269,314
2005	202,970	15,570	218,540
2006	<u>186,056</u>	<u>          </u>	<u>186,056</u>
Total	<u>\$794,966</u>	<u>\$262,527</u>	<u>\$1,057,493</u>

The lease agreements have non-appropriation exculpatory clauses that allow for lease cancellation if the Louisiana Legislature does not make an appropriation for their continuation during any future fiscal year. Rental and lease expenditures for fiscal year ended June 30, 2002, totaled \$1,740,282. There were no capital leases for fiscal year ended June 30, 2002.

**DEPARTMENT OF ELECTIONS AND REGISTRATION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**8. INSTALLMENT PURCHASES**

The department has entered into various installment purchase agreements with the Division of Administration under the Louisiana Equipment Acquisition Fund (LEAF) Program and with G.E. Capital Public Finance, Inc., for the purchase of equipment. The following is a summary of installment payments of the department for the year ended June 30, 2002:

	LEAF Program	G.E. Capital Public Finance, Inc.	Total
Balance at June 30, 2001	\$74,557	\$2,504,460	\$2,579,017
Purchases during fiscal year 2002	1,089,870		1,089,870
Installment payments in fiscal year 2002	(256,341)	(1,024,068)	(1,280,409)
Balance at June 30, 2002	<u>\$908,086</u>	<u>\$1,480,392</u>	<u>\$2,388,478</u>

The following is a summary of future minimum installment payments as of June 30, 2002:

	LEAF Program	G.E. Capital Public Finance, Inc.	Total
Fiscal Year Ending June 30:			
2003	\$406,418	\$1,107,660	\$1,514,078
2004	401,803	418,856	820,659
2005	129,350		129,350
Total minimum installment payments	937,571	1,526,516	2,464,087
Less - amount representing interest	(29,485)	(46,124)	(75,609)
Present value of net minimum installment purchases	<u>\$908,086</u>	<u>\$1,480,392</u>	<u>\$2,388,478</u>

The installment purchase agreements have a non-appropriation exculpatory clause that allows for lease cancellation if the Louisiana Legislature does not make an appropriation for their continuation during any future fiscal year. The liability for the installment purchases is not recorded in the accompanying financial statements.

**9. ADVANCE FROM STATE TREASURY**

The department received an advance from the State Treasury for imprest fund operations totaling \$207,700, as authorized by the commissioner of administration in accordance with Title 39 of the Louisiana Revised Statutes. The fund is permanently established and is periodically replenished from the appropriated funds.

**DEPARTMENT OF ELECTIONS AND REGISTRATION  
STATE OF LOUISIANA**

Notes to the Financial Statements (Concluded)

**10. DUE TO OTHER FUNDS AND TRANSFERS OUT**

Due to other funds and transfers out of \$2,012,593, as shown on Statement A and Statement B, respectively, represents a return of appropriation of self-generated funds during the 45-day close period.

**11. FUND BALANCE - UNRESERVED -  
UNDESIGNATED (DEFICIT)**

As shown on Statement A, the General Appropriation Fund has an unreserved - undesignated fund deficit of \$222,642 at June 30, 2002. The deficit was the result of the recognition of accrued salaries and related benefits as required by the Office of the Governor, Division of Administration, and the fact that revenues to fund those accruals are appropriated in the subsequent fiscal year. The deficit will be resolved by paying for salaries and related benefits from fiscal year 2003 funds appropriated to pay those obligations of the 2001-2002 fiscal year.

**12. ADJUSTMENT TO FUND BALANCE  
AT BEGINNING OF YEAR**

Adjustment to the beginning fund balance of the General Appropriation Fund, as shown on Statement B, is (\$7,418), which is a net adjustment for an understatement of prior year expenditures.

**13. DEFERRED COMPENSATION PLAN**

Certain employees of the department participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to this statewide Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

**14. MERGER AND CONSOLIDATION  
WITH DEPARTMENT OF STATE**

In accordance with Act 451 of the 2001 Regular Session, the Department of Elections and Registration will merge with the Department of State. In accordance with the Act, a plan for the merger was submitted to the House Committee on House and Governmental Affairs and the Senate Committee on Senate and Governmental Affairs on February 6, 2002. The merger will become effective upon the expiration of the term of office of the commissioner of elections or whenever a vacancy occurs in the office, whichever occurs first. The current term of the commissioner of elections is scheduled to expire on January 12, 2004.

**DEPARTMENT OF ELECTIONS AND REGISTRATION  
STATE OF LOUISIANA  
SUPPLEMENTAL INFORMATION SCHEDULES  
For the Year Ended June 30, 2002**

**SCHEDULE OF NON-APPROPRIATED REVENUES -  
INCOME NOT AVAILABLE**

Schedule 1 reflects income not available collected by the department during the year ended June 30, 2002, that was not available to the department for expenditure.

**SCHEDULE OF CHANGES IN BALANCE**

Schedule 2 presents the changes in balance for the non-appropriated agency fund for the year ended June 30, 2002.

DEPARTMENT OF ELECTIONS AND REGISTRATION  
STATE OF LOUISIANA  
NON-APPROPRIATED FUND - INCOME NOT AVAILABLE

Schedule of Non-Appropriated Revenues  
For the Year Ended June 30, 2002

Cash receipts through June 30, 2002	\$1,186,012
Accounts receivable at June 30, 2002	<u>24,692</u>
Income not available at June 30, 2002	<u><u>\$1,210,704</u></u>

DEPARTMENT OF ELECTIONS AND REGISTRATION  
 STATE OF LOUISIANA  
 NON-APPROPRIATED - AGENCY FUND

Schedule of Changes in Balance  
 For the Year Ended June 30, 2002

	AGENCY FUND
	<hr/>
<b>BALANCE AT BEGINNING OF YEAR, AS RESTATED</b>	<b>\$1,027</b>
	<hr/>
<b>ADDITIONS</b>	
Commissioner's Social Security Tax	1,814
Retiree health and life insurance premiums	54,764
Other	387
Total additions	<hr/> 56,965 <hr/>
<b>DEDUCTIONS</b>	
Commissioner's Social Security Tax	1,926
Retiree health and life insurance premiums	50,060
Other	18
Total deductions	<hr/> 52,004 <hr/>
<b>BALANCE AT END OF YEAR, BEFORE ACCRUALS</b>	5,988
<b>PAYABLES</b>	
Retiree health and life insurance premiums	<hr/> (4,577) <hr/>
<b>BALANCE AT END OF YEAR</b>	<hr/> <b>\$1,411</b> <hr/>

**OTHER REPORT REQUIRED BY**  
***GOVERNMENT AUDITING STANDARDS***

The following pages contain a report on compliance with laws and regulations and on internal control over financial reporting as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.



OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

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TELEPHONE: (225) 339-3800  
FACSIMILE: (225) 339-3870

March 27, 2003

Report on Compliance and on Internal Control Over Financial  
Reporting Based on an Audit of the Special Purpose Financial Statements  
Performed in Accordance With *Government Auditing Standards*

**HONORABLE SUZANNE HAIK TERRELL**  
**COMMISSIONER OF ELECTIONS**  
**DEPARTMENT OF ELECTIONS**  
**AND REGISTRATION**  
**STATE OF LOUISIANA**  
Baton Rouge, Louisiana

We have audited the special purpose (legal basis) financial statements of the Department of Elections and Registration, a department within Louisiana state government, as of and for the year ended June 30, 2002, and have issued our report thereon dated March 27, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Department of Elections and Registration's special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Department of Elections and Registration's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



**LEGISLATIVE AUDITOR**

**HONORABLE SUZANNE HAIK TERRELL  
COMMISSIONER OF ELECTIONS  
DEPARTMENT OF ELECTIONS  
AND REGISTRATION  
STATE OF LOUISIANA**

Compliance and Internal Control Report

March 27, 2003

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This report is intended solely for the information and use of the Department of Elections and Registration and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Grover C. Austin". The signature is fluid and cursive, with the first name "Grover" and last name "Austin" clearly distinguishable.

Grover C. Austin, CPA  
First Assistant Legislative Auditor

BC:WDD:RCL:ss

[ELECTION02]